

**COMMITTEE ON ACCOUNTS, ENROLLMENT  
AND REVENUE ADMINISTRATION**

**August 14, 2001**

**5:30 PM**

Chairman Hirschmann called the meeting to order.

The Clerk called the roll.

Present: Aldermen Hirschmann, Levasseur, Pinard, Thibault, Lopez

Messrs: K. Buckley, K. Clougherty, R. Sherman, S. Wickens, S. Maranto,  
H. Tawney

Chairman Hirschmann addressed Item 3 of the agenda:

Communication from Kevin Buckley, Internal Audit Manager, submitting  
an audit status update.

Mr. Buckley stated I think the report pretty much speaks for itself. The only thing is an addendum. There was a request to have another audit done and I will have the Clerk pass those out. It is a request from Alderman Vaillancourt to do an audit of the Riverfront staging and the whole Riverfront Park Foundation. It will push the time schedule that I have there two to three weeks back.

Alderman Thibault stated I would have to agree with Alderman Vaillancourt. With Peter Ramsey gone, I have some reservations as to who is looking after that down there. I think a review would be very well received by me and what kind of control are we going to have on it or at least to be able to keep it in control.

Mr. Buckley replied that is the type of thing I will be looking at. I haven't had a chance to look at any of this yet so I don't even know where my testing is going to be focusing at this time. Mostly I would like to look at the internal controls there to make sure that all of the money was spent correctly.

On motion of Alderman Thibault, duly seconded by Alderman Lopez, it was voted to accept the addendum to the audit status update.

Alderman Lopez stated I think it is an excellent idea. The only question I have for Kevin is, is there some way we can identify in looking at your report and you do very good reports Kevin but could you identify priorities as far as for an example

now we are giving you this on the Riverfront and I would think that would be a high priority.

Mr. Buckley replied right. That would be pushed in front of everything except for the two audits I have going on now, which are fixed assets and highway.

Alderman Lopez stated you have highway, general capital, CIP, and HTE. If you could put those in some type of priority that would be great.

Mr. Buckley replied I pretty much have them in the priority that I am taking them except now this one is getting pushed below highway and the general fund capital assets.

Mr. Clougherty stated unfortunately this item would have made the list as number one but it just came in recently after the agendas went out and that is why we are bringing it into you separately.

Alderman Lopez asked could you just number the items on your next report.

Mr. Buckley answered yes.

Mr. Clougherty stated the only question we would have is in terms of timing. We are planning to do this over a two to three week period and hopefully that coincides with any decisions the Board would have to make, but if it needs to be expedited sooner than that let us know and we will try to accommodate that.

Alderman Lopez stated the tax abatement exceptions for the year expecting to start in November, what do we mean by that.

Mr. Buckley stated the former internal auditors used to do that on a regular basis. They would take the abatements as they came in and trace them back to the supporting documentation. That hasn't been done for a couple of years now so I just wanted to grab a big sample of them to make sure that all of the abatements were legitimate. I have talked to the Assessors about this and they thought it was a good idea when it was being done before and they were happy to have it started again.

Mr. Clougherty stated abatements is one area where it is not appropriated but is raised as part of the tax rate setting under overlay and it really is under a lot of the independent authority of the Assessors so there is a lot of flexibility there to make decisions about how those dollars are used. They like the audit because it assures people that there is somebody else looking at it and that there are no problems there. We would just like to reinstitute that now that Kevin is on board.

On motion of Alderman Pinard, duly seconded by Alderman Thibault, it was voted to accept the report.

Chairman Hirschmann addressed Item 4 of the agenda:

Communication from Robin Descoteaux, Financial Analyst I, submitting monthly financial statements for the one month ended July 31, 2001.

Mr. Clougherty stated this is the financial results of one month of activity so there is not a big track record there. Some things that we would point out...that is the second handout that I gave the Board from the Welfare Director. One of the things that Susan Lafond did was e-mail me the other day and said that she is experiencing an increase in the amount of rent. She has spent 1/5 of the rent line in one month. Just having gotten this e-mail I don't know what is attributed to that. Is that because we have seen a big increase in people coming through the door? Is that because we have the same client level but there has been a big increase in what they are charging for rent? Maybe it is a result of the Winston Cup? I don't know. Is it a combination of those things? Until we do some analysis on that, we can't really get back to you to say is this something we should really be worried about and if it is we want to give you a very early heads up. I have our office working on this and we will be talking to Susan to get a better understanding of what is going on there. That is an issue early in the budget process and this is the first month it has come up and we want to bring it to your attention. We will get you some additional information once we have had a chance to research it.

Chairman Hirschmann stated it says at the end of the e-mail that she will write to the Board for Tuesday. Do you think she did that?

Mr. Clougherty replied I don't know. I didn't see anything but I felt that as part of the monthly statements where it has been brought to my attention I should be bringing it to your attention. To be honest with you, I haven't had a chance to talk to Susan. I have been in meetings most of the day.

Chairman Hirschmann asked should we refer this to the full Board for informational purposes.

Alderman Lopez asked, Kevin, can you enlighten me...when these things happen of course we all know that we have to pay for Welfare but how does the Finance Department go about checking to make sure...do we send Kevin in there.

Mr. Clougherty replied that is one way you can do it. I think initially you give the department head the benefit of the doubt and ask them to do the analysis. They are right on the scene and they can tell you what is going on there. If they ask for our assistance, obviously we can pull out every single invoice. It takes some time but we could have Robin pull every invoice and look at it and find out what is happening there and give you some statistics on is there an increase this year over last year, are the rates going up and by what percentage and we can do those types of things. Often what we will try to do is provide that to the department head so they can communicate to the Board what the issue is. We try to work with them rather than undermining them. I didn't bring it to your attention because I am trying to slam Susan in any way. I just thought that since we were doing the financials tonight I would let you know that I got this memo and we will do some further analysis on it. Ultimately, if we look at the patterns and we see something that develops in looking at those invoices and you see a repetition of the same name or a person being paid multiple times then we might have Kevin go in and look at the procedures and say okay why did we triple bill this or why did this type of thing occur.

Alderman Lopez asked so financially am I correct in saying that within six months you will wipe this \$101,000 out.

Mr. Clougherty answered yes. Then she would have to come before the Board to ask you for more money. That is why I am concerned here because if the Board has to take some actions you may have to take some action with the other departments or we may have to look at contingency and we will have to do all those types of things that are necessary.

On motion of Alderman Pinard, duly seconded by Alderman Thibault it was voted to refer the e-mail from Susan Lafond to the full Board for informational purposes.

On motion of Alderman Pinard, duly seconded by Alderman Lopez, it was voted to accept the monthly financial statement.

Chairman Hirschmann addressed Item 5 of the agenda:

Communication from Sharon Wickens, Financial Analyst II, submitting reports as follows:

- a) department legend;
- b) open invoice report over 90 days by fund;
- c) open invoice report (all invoices for interdepartmental billings only);

- d) open invoice report (all invoices due from the School District only); and
- e) customer comments report - customers meeting over 90 day criteria.

Alderman Thibault asked has the issue of the chargebacks with the School District been resolved now.

Mr. Sherman answered we just had a Declaratory Judgement Committee meeting and I believe that, and Tom Arnold can hopefully back me up on this, what the School has done is agreed to pay the FY00 chargebacks, which has been in dispute and according to Ron Chapman they have authorized payment of maybe half of what remains for FY01. He is still reviewing the other half. He thinks he has all of the documentation but he just hasn't finished his review process.

Alderman Thibault asked if, in fact, they have agreed that FY00 they should pay what is the problem with them paying FY01 or do they have other questions now.

Mr. Sherman answered one of the points that Ron made is he said I got a bill for the fourth quarter from PBS and it was six inches thick. He said we are going through that and talking to the principals to make sure the work got done. Now ultimately in the end there may still be some areas that they are contesting such as City Clerk, Finance, etc. They don't want to have to pay for those administrative departments. For FY01 those dollars are pretty minimal. I think we have made a lot of advances in that area.

Alderman Thibault asked if, in fact, they don't want to pay for Finance and the City Solicitor and the City Clerk...the other departments have to pay. Why should they be exempt?

Mr. Sherman answered actually the other departments don't pay. Their point is we are just doing our normal job. It is not like PBS or the nurses where they are going over and doing something specific. What we have sort of reached an understanding on is that we will actually go to a simpler payment schedule of their share of the property taxes, which will relieve us of a lot of administrative responsibilities that we have. In lieu of us charging them we will retain the interest that is earned while we are holding their tax dollars. Hopefully the interest will offset all of the administrative departments.

Mr. Clougherty stated and that is the way it is done in every other City and town. In our case we had to advance some cash because of their cash flow problems. They can't have it both ways. They can't get all of the cash and keep all of the interest and not somehow have something offsetting against us. So, the agreement

that the Declaratory Judgement Committee has come to is that they will go to a scheduled payment where we will collect the taxes and keep the dollars on our side and give them 1/12 or 1/4 or something like that and we will keep the bulk of the dollars over time and that interest will offset our expenses.

Alderman Thibault asked so in other words you feel we will no longer have this problem of non-payment because they always felt there was a question there. This has been resolved now?

Mr. Sherman stated I think we are minimizing the areas of disagreement. We are getting there.

Alderman Thibault asked there is still some disagreement.

Mr. Clougherty answered there are still disagreements that they are trying to work out.

Alderman Thibault asked but they will have to come to the Board for that if they want to change anything, right.

Mr. Clougherty answered right.

Ms. Wickens stated these reports that you are used to getting every month with the exception of...I did make the change that Alderman Levasseur requested on the last report and I was able to get a balance then. The balance keeps reading on every line, but at least the balance is there.

On motion of Alderman Lopez, duly seconded by Alderman Thibault, it was voted to accept the reports.

Chairman Hirschmann addressed Item 6 of the agenda:

Departmental responses (Highway & EPD) relative to open invoice report over 90 days by fund.

Mr. Clougherty stated if there is an item that is open you asked that the departments send you a letter explaining why.

On motion of Alderman Pinard, duly seconded by Alderman Thibault, it was voted to receive and file this item.

Chairman Hirschmann addressed Item 7 of the agenda:

Communication from Sharon Wickens, Financial Analyst II, submitting the

4th Quarter write off list for the Accounts Receivable module and requesting authorization to write these receivables off for FY01.

(Note: all write-offs accepted on July 10, 2001 with the exception of the CIP line item of \$8,698.31 - Planning Director requested to attend next meeting to discuss this item.)

Mr. Clougherty stated we have no additional write-offs. We are not asking for an action on this item.

Chairman Hirschmann asked, Sam, why do you want us to write this money off.

Mr. Maranto answered I am here at your request. What has happened is we have had a project with Human Resources relative to ADA compliance and we agreed essentially to reimburse HR up to 50% of the salary for Maureen McCarthy based upon actual timesheets. Going back to May of 1999, the day she was hired by the City, we have paid 100% of those costs. I can't speak for HR about what I think the over expenditure might be and actually it is not \$8,698.31. It was reduced by another \$1,300 so it is actually \$7,000 and change but most likely they may have anticipated her working more hours than she actually did on ADA activities. She is required to provide me with timesheets relative to work that she does because she does not work 100% on ADA. She also does training activities for the City. Basically, we do not accept any costs unless we have back-up documentation in the form of timesheet. These are similar to what everyone in CIP who charges against the Department of Health and Urban Development does. It is standard procedure. I have going back to May 10 100% of her costs have been reimbursed in accordance with our agreement with HR. I really can't speculate as to why the additional \$7,000 is there. They, again, may have anticipated that she would be working more on ADA projects. I cannot justify paying anything more than what I did pay. It was 100% of the timesheets.

Alderman Lopez stated I would like to ask Howard to come up because I understood it, she was chargeable to CIP totally. I know you are saying 100% but was there ever a dollar value put on at the beginning of the agreement as to what you would pay. There is a difference between paying 100% and the dollar value agreed upon that you would pay.

Mr. Maranto replied again last year in the project for ADA Compliance we had a total amount of \$26,900. We spent that 100%. Just to give you a history, when Maureen first came on we agreed to take on her salary up to 75% of her time and expecting at the time because we were doing a transition plan that about that amount of her time would be devoted to ADA activities. We did pay based upon

documentation. Again, it was a figure of 75% but it was based upon actual time. You cannot just charge 75% of her time without documentation. HUD would not allow that. My time is based upon actual figures. I need to pro-rate it between City time, Airport, etc. and that is how we based that. It was discussed with Mark Hobson and with Maureen. Several times during the past two years I had sat down and discussed the situation that I was not satisfied with the documentation that I got from her. Essentially I was getting timesheets that looked like this and it was very difficult for me to determine what was ADA and what was not. Therefore, we went to a different timesheet, which was basically a form that we used in our office right here, which is different. In the past year there was \$26,900 and we spent 100% of those funds.

Mr. Tawney stated I apologize to the Board. The figure that was billed to CIP was billed for the most part in error. You asked me last time...my staff had told me that...

Chairman Hirschmann interjected so this is a mistake.

Mr. Tawney replied most of it is a mistake, yes. \$6,464.90 was overbilled to them. I do have additional documentation, which we have supplied to Sam for \$2,333.35, which were basically billed for health and dental benefits.

Alderman Lopez asked so you were in error.

Mr. Tawney answered yes.

Alderman Lopez asked how do we handle that.

Mr. Sherman answered as Sam said, he is out of money. His project is totally expended and the balance is no longer the \$8,698. My understanding is it is now \$7,377.09. If the Board votes to write that off we will close out that receivable. The funds come back out of the HR budget. There is really no other place to hit.

Chairman Hirschmann stated what I would like to see is...the person representing the Human Resources Department said there was a mistake so a credit memo should be generated or a new invoice should be generated stating the new balance. We don't like to write things off. I think it should be absorbed. It is a smaller amount and I think it should be absorbed by someone's department. Howard, it is up to you to come up with the correct...this Committee is doing good work. We just found a mistake.

Mr. Sherman replied effectively that is what will happen. If it goes through the write-off process it will be absorbed by HR.



Chairman Hirschmann stated I don't want to make a federal case out of it but let's just correct it send a credit memo. However financially you fix it, fix it.

Alderman Lopez moved to have the Finance Officer work with both parties to fix the error. Alderman Pinard duly seconded the motion.

Alderman Thibault stated I would like to make sure that this reconciles the account completely though.

Chairman Hirschmann called for a vote on the motion. There being none opposed, the motion carried.

### **TABLED ITEMS**

8. Revenue Policy & Collections Ordinance.

This item remained on the table.

Mr. Clougherty stated we did get from Kevin Dillon yesterday his suggested language and at the next meeting we will have a draft for you.

9. Discussion regarding policy on collection of open invoices over ninety days.

This item remained on the table.

10. Communication from Human Resources regarding a transfer of funds between Human Resources line items.

On motion of Alderman Lopez, duly seconded by Alderman Pinard, it was voted to remove this item from the table.

On motion of Alderman Lopez, duly seconded by Alderman Thibault, it was voted to receive and file this item.

There being no further business, on motion of Alderman Levasseur, duly seconded by Alderman Thibault, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee